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ABSTRACT

As the pool of outstanding college bound students has declined, the use of merit scholarships has increased as a means of attracting high quality students. When Boston University began again in 1974 to use merit schclarships, it decided to analyze how well the awards serve their purpose. The study showed that they are effective in increasing attendance rates among needy students, but not effective in increasing attendance among those who have no financial need. Further, even among needy students the effect of the scholarships may be related to other factors such as the school offering the award and the student's academic quality. Given these findings and in light of the controversy surrounding the propriety of no-need scholarships, the widespread use of such awards seems to need further evaluation. (Author/MSE)

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ASSESSING THE EFFECTIVENESS AND PROPRIETY OF MERIT-BASED SCHOLARSHIPS*

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INTRODUCTION

Merit based scholarships have a long history in American Higher Education. They were commonly used by colleges and universities before the large influx of students in the 60's and 70's. The use of such awards declined while the pool of outstanding students increased sharply. More recently, as the pool of such students has leveled off and competition for them among institutions has heated up, many of these institutions have again turned to the use of merit awards to attract high quality students. A recent survey of colleges by the College Board reports that 64% of the 1977 responding institutions awarded merit scholarships, compared to 54% of the respondents to a 1975 survey.[1] The same report states that "only 17.7% of the responding institutions had done any systematic studies of those who accepted or refused no-need awards." In another recent survey of colleges and universities, Octameron Associates found that 80% of the 500 responding institutions had some type of merit scholarships which were awarded without regard to students' financial needs.[2]

REPORT OF STUDY AT BOSTON UNIVERSITY

Four years ago, in 1974, Boston University joined the growing number of colleges and Universities which offer a limited number of scholarships based on students' academic merit without regard to their financial need. The stated purpose of these scholarships was to attract to Boston University academically outstanding students who otherwise would not have chosen to attend the University, by demonstrating in a tangible way the value that the University places on students' high academic promise. At that time a decision was made to try to conduct detailed analyses aimed at determining how well these scholarship programs fulfill their purpose. This is a report of the method of analysis

HE 010 668

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applied and of the results of that analysis.

Two different merit-based scholarships were set up. The Honor Award was to be a one-time grant to new students. Its size varied in the past four years for $200 to $2,000, with most of the recent awards being $1,000. The number of these awards extended has varied between 600 and 700 per year.

The other type of scholarship established was a Trustee Scholarship. This was a full tuition and fee scholarship awarded to outstanding entering freshmen. The number of these scholarships has risen from about 50 in the first year to about 100 in recent years.

Both of these scholarships are awarded without regard to the student's financial need. The method of analysis used to evaluate the two programs was essentially the same. Two approaches were used. The first approach was to examine the differences between the characteristics of scholarship recipients who attended the University and those who did not attend. The two groups were compared using several measures of academic quality and of financial need. Specifically three measures of academic quality were examined: composite SAT scores, Admission Ratings, and high school class rank percentile. Four financial characteristics were also examined. They were: financial need excluding and including the scholarship, the amount of the scholarship, the % of need filled by "gift" aid. The study compared the attending vs. non-attending recipient groups using these variables one at a time.

The second approach used in the analysis was aimed at trying to determine the extent to which the awards were effective in attracting students to the University. The registration rate among scholarship recipients was statistically compared with the registration rate among a "control" group of students with similarly high academic standards who did not receive scholarships. The control group was chosen such that students matched the scholarship recipients in their academic characteristics and in their school of enrollment at the

University. Both groups were divided into subgroups to control for differences in various characteristics such as sex, self perceived financial need and academic quality. Differences in registration rates between matching subgroups were tested for statistical significance.

Several interesting patterns emerged as the result of our analyses. By comparing the characteristics of attending and non-attending award/scholarship recipients, we consistently found a pattern that indicated that the probability of attending was directly related to students' financial need and inversely related to students' academic quality. Students of higher academic quality (over 1300 cumulative SAT score) were less likely to attend than students of lower academic quality (~1100-1200 cumulative SAT scores). The same pattern was confirmed using other measures of academic quality as well.

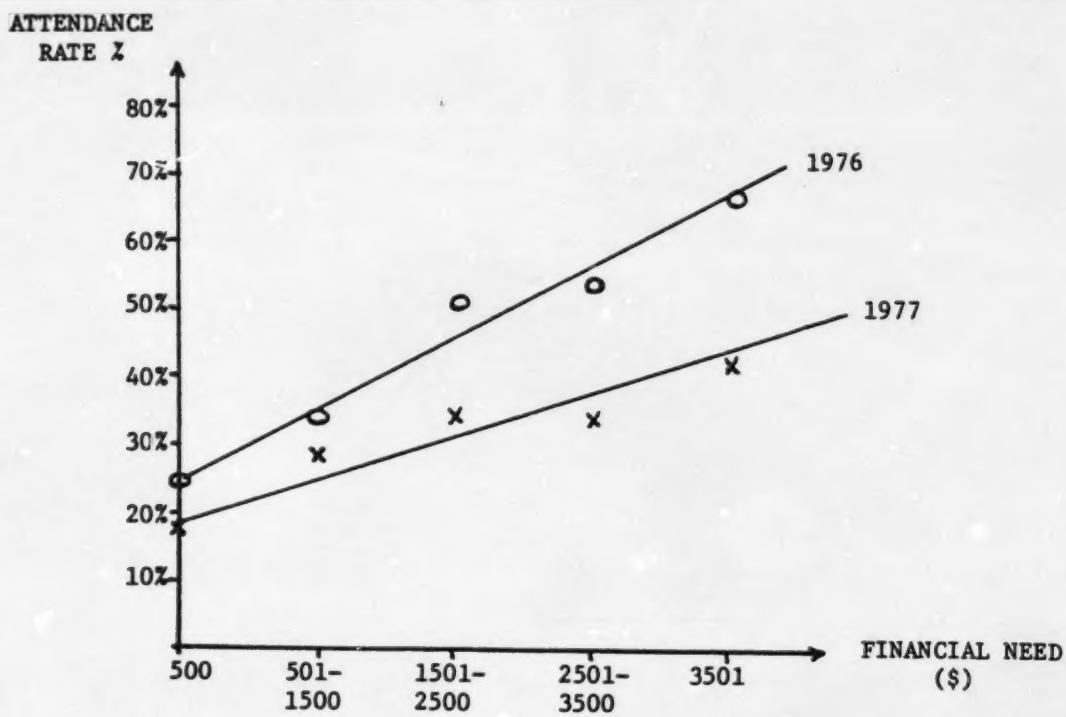

Figure 1

ATTENDANCE RATE VS. FINANCIAL NEED
1976 AND 1977 HONOR AWARD RECIPIENTS

We also found that students with significant financial need were more likely to attend then students with no financial need. In fact, as in the case of the academic measures, we found a fairly linear relationship between the probability of attendance and financial need. Figure 1 shows this relationship using data based on our 1976 and 1977 Honor Awards. The analysis of the two years[1] Honor Awards revealed a similar pattern with one interesting difference. In 1977, the award recipients were of higher academic quality than the 1976 recipients. The 1977 attendance vs. need line has a lower intercept and a smaller slope than the line for the '76 recipients. This reflects the reduced sensitivity of the '77 group to the financial awards, consistent with the relationship between attendance and academic quality which was discussed above.

The next part of the study was aimed at determining the extent to which the merit scholarships may have affected students' attendance decisions. Rather than asking students about their decisions, which we felt was a less than reliable indication of what actually happened, we opted for a statistical test using data already available to us. Using the academic profile of the award recipient group as our guide, we selected a second group of accepted applicants whose overall academic profile matched that of the award group. In fact, we did this separately within each school of the University that offered honor awards. This was necessary because the academic profile of the awardees differed significantly from one school to the other. Once the control groups were chosen, they were weighted to match the school to school distribution of the award group and combined into an overall control group. All of the analyses which are described below were performed for the two groups within each school as well as for the aggregate award and control groups.

Attendance rates were statistically compared among the control and award groups and were tested for the significance of difference between them. This comparison was then repeated for various subgroups: men, women, those with and

without perceived financial need and for the subgroup with the highest academic rating. The combined data for the two years is summarized in Figure 2.

COMPARATIVE REGISTRATION RATES

	STUDENTS WITH PERCEIVED FINANCIAL NEED	STUDENTS WITHOUT PERCEIVED FINANCIAL NEED	DIFFERENCE
HONOR AWARD RECIPIENTS	31.7% (n=873)	18.9% (n=428)	Significant at 0.01 level
CONTROL GROUP	24.0% (n=928)	21.6% (n=593)	Not Significant
DIFFERENCE	Significant At 0.01 Level	Not Significant	

Figure 2

The data show that the Honor Awards were significant in increasing attendance among students with financial need, but were ineffective in increasing attendance among students without financial need. No other significant differences in attendance rate were observed between the two groups when they were broken down by sex.

The Trustee Scholarship program had somewhat different results. These full tuition scholarships were found to significantly increase attendance among every subgroup of students except students who did not have financial need. It should be noted that while attendance among this no-need group was increased, the difference was not statistically significant at the 0.05 level. In other words, even the offer of a full tuition scholarship failed to make a significant difference in the attendance rate of students who did not need financial aid.

QUESTIONS OF PROPRIETY

Beside the question of the effectiveness of no-need awards, there is a second question concerning their propriety or ethical implications. An informal survey of financial aid officers reveals general opposition to this type of award. These

professionals, who day after day have to face students and tell them that they cannot receive more financial aid for lack of sufficient funds, believe that available funds should be distributed to qualified students based on their need. They regard no-need awards as a policy of "buying students". The Pennsylvania Chapter of the Association of College Admission Counselors adopted a position statement opposing no-need scholarships based on these and related arguments.[3] The National ACAC has a similar proposed policy statement under consideration. Students with financial need also often resent the use of the limited financial aid resources as awards to students who do not even apply for financial aid. Even among award recipients, the policy of a large grant component awarded to them as freshmen which is then removed or drastically reduced in subsequent years is regarded by many students as a policy which cojoles them to come to an institution which then leaves them "high and dry" once they commit themselves to attending the school. These are only some of the implications of no-need awards that administrators must consider at the time they consider using no-need merit awards in an attempt to increase their applicant pool or their conversion rate among high quality applicants.

SUMMARY

In summary, based on our findings, we conclude that scholarships are effective in increasing attendance rates among needy students - the greater the need, the larger the effect. At the same time, such awards are not effective in increasing attendance among students who have no financial need. Further, even among needy students, the effect of such scholarships may be related to other factors such as the school offering the award and the student's academic quality. Given these findings, and in light of the controversy surrounding the propriety of no-need merit scholarships, the widespread use of such awards seems to need further evaluation. Admission and financial aid officers at other institutions may want to

conduct similar studies and may then reevaluate their merit-based scholarship programs in light of their findings.

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